

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM101361X
2. Name of Operator SM ENERGY COMPANY Contact: VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM		6. If Indian, Allottee or Tribe Name
3a. Address 3300 N "A" STREET BLDG 7-200 MIDLAND, TX 79705	3b. Phone No. (include area code) Ph: 432-688-1709 Fx: 432-688-1701	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T18S R31E 765FNL 1980FEL		8. Well Name and No. ESDU 004
		9. API Well No. 30-015-25546
		10. Field and Pool, or Exploratory SHUGART; DELAWARE, EAST
		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Venting and/or Flaring
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SM ENERGY BEGAN FLARING THIS MORNING DUE TO DCP REPLACING THE BOTTOMS-SIDE CRYOGENIC REBOILER. THEY ARE PROJECTING US TO BE BACK TO SALES SOMETIME ON FRIDAY, MAY 10TH.

WE ARE FLARING APPROXIMATELY 65 MFCPD AND WILL SUBMIT THIS ON THE C-115 FORM. PLEASE SEE LIST BELOW OF ALL WELLS IMPACTED WITH THE ONE SUBMITTED:

- Lease Name UL:Sec:Township:Range API Number Location County
- ESDU #005 B-24-18S-31E 30-015-26022 790 FNL & 1650 FEL Eddy County
- ESDU #006 A-24-18S-31E 30-015-25385 890 FNL & 990 FEL Eddy County
- ESDU #009 G-24-18S-31E 30-015-25723 1730 FNL & 1650 FEL Eddy County
- ESDU #010 H-24-18S-31E 30-015-25457 1650 FNL & 990 FEL Eddy County
- ESDU #013 J-24-18S-31E 30-015-25734 2310 FSL & 1650 FEL Eddy County

RECEIVED
JUL 05 2013
SEE ATTACHED FOR CONDITIONS OF APPROVAL
OCD ARTESIA

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #206321 verified by the BLM Well Information System For SM ENERGY COMPANY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 05/08/2013 ()

Name (Printed/Typed) VICKIE MARTINEZ Title ENGINEER TECH II Date 05/06/2013

Signature (Electronic Submission)

Accepted for record
NMDCD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By: *[Signature]* Title: _____ Date: _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office: **APPROVED**
JUL - 2 2013

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make, or to cause to be made, any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

SUBJECT TO LIKE
APPROVAL BY STATE

Additional data for EC transaction #206321 that would not fit on the form

32. Additional remarks, continued

~~ESDU #014 I-24-18S-31E 30-015-25652 2310 FSL & 990 FEL Eddy County~~
~~ESDU #028 H-24-18S-31E 30-015-40871 2280 FNL & 810 FEL Eddy County~~

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

7/2/2013

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. **Flared volumes will still require payment of royalties**
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5.
6. This approval does not authorize any additional surface disturbance.
7. Submit updated facility diagram as per Onshore Order #3.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared.
10. If flaring is still required past 90 days submit new request for approval.
11. If a portable unit is used to flare gas it must be monitored at all times.
12. Comply with any restrictions or regulations when on State or Fee surface.

JDB722013